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Just Say No to the Lumber Tax

By Michelle Steel, California State Board of Equalization Member and former small business owner

The proposal to create an additional tax on the retail sale of lumber currently coursing its way through the Legislature is an example of the worst kind of state policy. This tax would be used to fund the state agencies involved in Timber Harvest review and regulation, thus shifting the financial burden of these agencies onto California consumers.

This tax would not only increase the cost for consumers, but also for the businesses that will be forced to reconfigure computers that monitor sales tax at a significant cost. Lumber retailers would have to calculate a separate tax on wood products on top of the sales tax they already charge on the items they sell.

The Lumber Association of California & Nevada adamantly opposes this additional tax. In their June newsletter, LACN rightly called this tax proposal an “inappropriate and deceitful way for the state to avoid accountability to produce a balanced budget and operate within its means.”

This is an arbitrary tax that is not supported by any valid data. The State of California does not have valid data on the amount of money this lumber retail sales tax would produce. The Board of Equalization does not break out lumber sales from other products commonly sold at retail lumber yards and similar businesses.

Furthermore, there has been no data offered regarding the cost of the regulatory programs for the state agencies involved. Simply stated, no one knows how much money is needed and how much money will be collected.

Today, between 70 and 80 percent of the lumber bought in California is imported from other states because high regulatory costs make California lumber uncompetitive. This proposal could encourage consumers to go a step further and buy their lumber from out of state retailers where they will not be forced to pay an additional tax. This outsourcing would further damage the industry and the state's economy.

The Lumber Retail Sales Tax is another example of the state government's efforts to operate programs and agencies that go far beyond a reasonable level of providing for the public good.

Instead of asking California consumers to pay yet another tax, the state should first examine its internal budgets and the cost of these regulations. It should focus on spending current revenues more efficiently, and reducing regulatory burdens that increase costs without providing a measurable benefit.

Legislators should just say no to this lumber tax.